

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF JACKSON PURCHASE)	
ELECTRIC COOPERATIVE CORPORATION (1))	
FOR AN ORDER PURSUANT TO KRS 278.300)	
AND 807 KAR 5:001, SECTION 11 AND)	
RELATED SECTIONS, AUTHORIZING THE)	
CORPORATION TO BORROW AN AMOUNT NOT TO)	
EXCEED \$1,271,000 FROM THE LOUISVILLE)	
BANK FOR COOPERATIVES, AND (2) FOR A)	CASE NO. 10223
CERTIFICATE OF CONVENIENCE AND)	
NECESSITY PURSUANT TO KRS 278.020(1))	
AND 807 KAR 5:001, SECTION 9 AND)	
RELATED SECTIONS AUTHORIZING CERTAIN)	
PROPOSED CONSTRUCTION AND ASSOCIATED)	
CAPITAL OUTLAY)	

O R D E R

Jackson Purchase Electric Cooperative Corporation ("Jackson Purchase") filed its application on April 14, 1988 for a certificate of public convenience and necessity to construct certain improvements and additions to its existing plant, and for approval to borrow funds and to execute its notes to secure such loan. The Commission requested additional information of Jackson Purchase by Order dated May 4, 1988. In its response of May 16, 1988, Jackson Purchase stated that it did not have loan agreements with the Rural Electrification Administration ("REA") or Louisville Bank for Cooperatives ("LBC"). On June 14, 1988, the Commission issued an Interim Order granting Jackson Purchase a certificate of public convenience and necessity to proceed with the construction and additions as set forth in the application. The Commission

deferred the authorization for the proposed borrowing from LBC of \$1,271,000 until Jackson Purchase had loan agreements with REA and LBC. Jackson Purchase was to notify the Commission when the loan agreements were secured and file any appropriate financial updates and explanations in order to expedite the processing of the application.

Jackson Purchase notified the Commission on September 15, 1988 that it had received the REA and LBC loan agreements and filed the information requested in the Interim Order. The improvements and additions, as more specifically described in the application and record, are estimated to cost \$4,238,000, and will be financed by a loan of \$2,967,000 from REA and a loan of \$1,271,000 from LBC.

SUMMARY

The Commission, after consideration of the application and all evidence of record and being advised, is of the opinion and finds that:

1. The proposed borrowing from LBC is for lawful objects within the corporate purposes of Jackson Purchase, is necessary and appropriate for and consistent with the proper performance by Jackson Purchase of its service to the public, and will not impair its ability to perform that service.

2. Jackson Purchase is capable of executing its notes as security for the loan as stated herein.

3. Jackson Purchase should utilize the interest rate program which will result in the net lowest cost of money to Jackson Purchase over the term of the financing.

4. Jackson Purchase should notify the Commission of the interest rate option elected for the financing approved herein along with a statement as to the basis for the decision.

5. The proceeds from the proposed borrowing should be used only for the lawful purposes set out in the application and record.

6. Jackson Purchase should file, along with its monthly financial report to the Commission, the current interest rate on its variable rate loans outstanding.

7. The issuance of securities or evidences of indebtedness subject to the supervision or control of the REA is exempt from Commission approval pursuant to KRS 278.300(10).

IT IS THEREFORE ORDERED that:

1. Jackson Purchase be and it hereby is authorized to borrow \$1,271,000 from LBC for a 35-year period and bearing either a fixed or variable interest rate, as chosen by Jackson Purchase, at the time the first monies are drawn from LBC, subject to the provisions and terms of the application with respect to renegotiation of the interest rate.

2. Jackson Purchase be and it hereby is authorized to execute its notes as security for the loan herein authorized.

3. Jackson Purchase shall comply with all matters set out in Findings 3 through 6 as if they were individually so ordered.

Nothing contained herein shall be deemed a warranty or finding of value of securities or financing authorized herein on the part of the Commonwealth of Kentucky or any agency thereof.

Done at Frankfort, Kentucky, this 6th day of October, 1988.

PUBLIC SERVICE COMMISSION

Richard D. Hemminger, Jr.
Chairman

Robert M. Davis
Vice Chairman

Spencer Williams
Commissioner

ATTEST:

Executive Director